

## **The way ahead to an authentically Australian approach to social inclusion**

*Speaking notes of Tony Nicholson, Executive Director, for the Brotherhood of St Laurence's symposium, Social Inclusion Down Under, held on 26 June 2008 at the University of Melbourne.*

*Acknowledgment of traditional owners.*

We in Australia are fortunate that we are starting out on this enterprise at this time.

- We can learn the lessons from others who started over a decade ago. Tony Fitzpatrick has given a balanced review of the UK experience where real gains have been made; some have fallen short of targets, some are stalled. But having recently spoken to activists from the UK, such as Gill Owen (fuel poverty and energy efficiency) and Kate Green (child poverty action), I found them to be quite positive about the New Labour achievements. Both made the point that the setting of targets both mobilises the government and causes activists to become constructive. But both stressed the importance of ensuring that targets truly reflect a strategic approach to policy formulation. Plucking targets out of the air without a well-considered strategy to deliver on them is a sure way of setting the cause back in the longer term.
- In Australia we already have an established agenda around human capital that's about building capacities of our people. We have the opportunity to build into it a stronger focus on disadvantage.
- We already have community strengthening and renewal initiatives underway in the states and territories. All are different, reflecting diversity in circumstances and approaches. But here too, there are lessons to be learnt, the most significant being the need to ensure that community strengthening activities are bolted on to the real economy. If not, the gains made will quickly dissipate when the state or territory programs end. We have to ensure such communities have an economic base. In most cases this will be gained by increasing the workforce participation of members of those communities. So the trick will be to find a mechanism to integrate the reforms to employment services happening at the Commonwealth level, with the place-based community strengthening initiatives that have been taking place at the state and territories and local government levels.
- We are at a time when our demographic trends mean that lifting workforce participation levels is becoming critical to economic performance. As Saul Eslake (ANZ) has said, there

is now an economic imperative to add to the moral imperative of addressing disadvantage. This form of capacity constraint on the Australian economy is likely to continue for more than a decade, powered by commodity prices paid by China and India.

- And we now have a government that accepts that a new approach is needed to addressing disadvantage. This is an approach that recognises the multidimensional nature of disadvantage in our modern economy and society and places the closer integration of social and economic policy front and centre.

So I conclude from this reading that we are staring at a huge opportunity and challenge to systematically reform social policy over the next decade, an opportunity the likes of which we haven't seen since the close of the Second World War.

It is incumbent upon the likes of those here today, to grasp the opportunity and to make it happen. It won't happen if we assume the role of commentators, offering a critique of initiatives coming from within government, and competing for the service delivery contracts that follow.

### *So what needs to be done?*

1. Firstly, we need to nail down what we mean by social inclusion and lay out a set of principles that will guide policy and practice. Too many people are tending to simply re-badge as 'social inclusion' their well-established ways of thinking and doing.
2. The BSL's working definition is as follows:  
'A social inclusion approach involves the building of personal capacities and material resources, in order to fulfil one's potential for economic and social participation, and thereby a life of common dignity.'
3. It stresses *personal capacities* – health, education social networks, *material resources* – adequate housing transport, income and access to services, to *fulfil potential for economic* – work- and *social participation* – recreational, cultural, sporting and everyday living activities, and thereby a *socially valued lifestyle*.
4. Suggestions for a set of principles. (*Refer to Homelessness Green Paper*)
  - A matter for all Australians – new cross-sector partnerships will be needed, involving business, all levels of government and the community sector.
  - Prevention as a main focus.

- Economic and social participation will be at the top of the hierarchy of outcomes we seek. Other outcomes, such as housing, will be shaped by the participation objective.
- Rights and responsibilities will be appropriate to age, capacities, and aspirations.
- People will have a voice at the local level in determining the priorities for assistance and the way in which it is delivered.
- Joined up service delivery will be matched by joined up policy.

This list is a starting point. No doubt other principles could be added. My point is that without a set of guiding principles that we sign up to and take seriously, we won't get the systematic reforms to social policy and practice that I'm looking for.

*Refer to experience in assisting to shape the Homelessness Green Paper – absence of clearly articulated principles made it difficult to set directions. And objections from some sector representatives largely reflect the lip-service paid to the principles.*

***Reform processes are difficult. By definition, a significant proportion of stakeholders will prefer the status quo.***

***Stress the importance of participation – social and economic.***

Two examples of current reform processes:

***Firstly:*** Homelessness; economic and social participation at top of hierarchy shaping the housing objective. e.g. young homeless teenagers; older alcoholic brain-damaged street homeless.

Under an approach that gives primacy to participation, public housing authorities would need to change their policies, to more flexible housing assistance, social mix, tenure not fixed but aligned to social and economic participation objectives.

***Secondly:*** Employment services; set policy and structure tender to drive integration between service systems; reward social as well as economic outcomes for highly disadvantaged; bring employers more closely into the process.

**And an authentic Australian approach to social inclusion will require resolution of some fundamental issues that have been with us for some time.**

**The first is rigor in human capital investments.**

We need to understand with greater precision this relationship between investing in disadvantaged people – their education, their health and their housing – and the economic returns it can produce.

And where the return on investment is a moral one and not an economic one, we need to be transparent about it. Many have adopted the rhetoric of investment without truly understanding the critical metrics to the investment necessary to bring the disadvantage into the mainstream economic and social life of the nation. I believe this lack of certainty leads us to invest the least we can and accept outcomes that may be far less than what could be possible.

**The second is the need for a strategic approach.**

We need a strategic plan that tells us not only where we want to go in the longer term, but where best to begin allocating resources now. The strategy period will need to be a decade (that is, ten Budgets).

Morality and common sense tells us that we need to begin by giving priority to certain groups of people and to certain places – most notably, people in remote indigenous communities, young homeless adults and their children, people with physical and mental disabilities, and the postcodes and neighborhoods with the highest concentrated disadvantage. In the first stage of the strategy this means that these people and places will be given privilege over others – a difficult electoral bullet to bite but better than spreading resources thinly to no effect.

**The third is getting governance right.**

We live in a diverse country – with each community having its own mix of economic base, cultural difference and social problems. Uniform national programs run out of Canberra will not meet local needs. Only devolved governance structures can hope to maximise the effective allocation of resources and integrate programs at the local level without involving a labyrinth of bureaucracy.

This involves two things:

Firstly, making our federation work. Here the rationalisation of special purpose payments presents opportunities and risks. Opportunities to ensure services reflect local circumstances. But how does the Commonwealth drive a national reform agenda in a highly devolved approach? How does it ensure the states and territories don't take the money and run? Once again we can learn from others have gone before us. I'm convinced by Geoff Gallop's arguments in favor of the federation and the benefits he points to in the flexibility shown in the national reforms under competition policy.

Secondly, this involves governments getting out of the way and allowing local solutions to emerge, with public accountability for high-level outcomes rather than highly specified processes.

This is a big change to the way we are currently governed. And those in government will no doubt point to the risks. But I ask you to point to any endeavor that had major breakthroughs that did not involve risk? And those in the community sector will find it even more challenging, for there will be less opportunity to play one jurisdiction off against another.

**Finally, of course, it will take money.**

It's time for decent tax reform to ensure our taxes are raised in the most transparent and progressive way. We need to change the way we view taxation: we have to stop seeing it as a device for churning tax back to taxpayers, and start see it as part of the new 'nation building' agenda for government, involving investment in human capital, infrastructure and social inclusion. We need to strengthen our tax base to give us the wherewithal to invest in people and to encourage and enable greater workforce participation, as well as to maintain a fair and just society.

We should be looking to broaden the income tax base, eliminating some of the more outrageous deductions, concessions and loopholes, like the massive capital gains tax concessions and negative gearing deductions that almost everyone concedes have given us some of the highest house prices in the world and provoked a rental crisis that is causing homelessness.

We of course have to be careful when making changes of this kind. Many low to middle income households actually rely on various family payments to keep themselves above the bread line. A little 'churn' is preferable to driving more children into poverty. And the last thing we want to do is inadvertently cause chaos in an already overstressed housing market.

**Conclusion**

The opportunity is before us. We need to be grasping it in very practical ways through policy formulation and through demonstration.

And we must keep in mind that serious reform of this nature is hard work for governments – particularly during extraordinarily tricky times in the international economy. We must be ready to lead as well and support each incremental step the government takes in establishing an authentically Australian social inclusion strategy.

*End.*

*Thank organisers etc.*